



7020-02

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-933]

Certain Stainless Steel Products, Certain Processes for Manufacturing or Relating to Same, and Certain Products Containing Same

Notice of Commission Determination to Review an Initial Determination Granting in Part a Motion for Default and Other Relief and, on Review, to Affirm the Default Finding; Schedule for Filing Written Submissions on the Issues Under Review and on Remedy, Public Interest, and Bonding

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review an initial determination (“ID”) (Order No. 17) by the presiding administrative law judge (“ALJ”) finding Viraj Profiles Limited (“Viraj”) in default for spoliation of evidence and ordering the disgorgement of complainants’ operating practices in Viraj’s possession. On review, the Commission has determined to affirm the default finding as to Viraj. The Commission requests certain briefing from the parties on the remaining issues under review, as indicated in this notice. The Commission also requests briefing from the parties and interested persons on the issues of remedy, the public interest, and bonding.

FOR FURTHER INFORMATION CONTACT: Lucy Grace D. Noyola, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-3438. Copies of non-confidential documents filed in connection with

this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on October 10, 2014, based on a complaint filed by Valbruna Slater Stainless, Inc. of Fort Wayne, Indiana; Valbruna Stainless Inc., of Fort Wayne, Indiana; and Acciaierie Valbruna S.p.A. of Italy (collectively, "Valbruna"). 79 FR 61339 (Oct. 10, 2014). The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain stainless steel products, certain processes for manufacturing or relating to same, and certain products containing same by reason of the misappropriation of trade secrets, the threat or effect of which is to destroy or substantially injure an industry in the United States. *Id.* The notice of investigation names as respondents Viraj Profiles Limited of Mumbai, India; Viraj Holdings P. Ltd. of Mumbai, India; Viraj - U.S.A., Inc. of Garden City, New York; Flanschenwerk Bebitz GmbH of Könnern, Germany; Bebitz Flanges Works Pvt. Ltd. of Maharashtra, India; Bebitz U.S.A. of Garden City, New York; and Ta Chen Stainless Pipe Co., Ltd. of Tainan, Taiwan and Ta Chen International, Inc. of Long Beach, California ("Ta Chen"). *Id.* The Office of Unfair Import Investigations ("OUII") also was named as a party to the investigation. *Id.*

On September 8, 2015, Valbruna filed a motion for default and other relief for Viraj's failure to make and cooperate in discovery, intentional concealment and failure to preserve dispositive evidence, and misrepresentations to Valbruna and the Commission. On September 17, 2015, OUII filed a response in support of Valbruna's motion. On September 18, 2015, Viraj filed a response opposing the motion.

On December 8, 2015, the ALJ issued the subject ID (Order No. 17), granting in part Valbruna's motion for default and other relief. The ALJ found that Viraj acted in bad faith in spoliating evidence and that a sanction of default against Viraj was warranted. The ALJ also ordered Viraj to disgorge any Valbruna operating practices in its possession. The ALJ denied Valbruna's request to assert certain operating practices that the ALJ had previously excluded.

On December 16, 2015, Viraj filed a petition for review. Ta Chen also filed a petition for review, arguing that it is entitled to an evidentiary hearing. On December 23, 2015, Valbruna and OUII each filed responses to both petitions. Valbruna's response included a request for immediate entry of relief against Viraj.

Having examined the record of this investigation, including the ID, the petitions for review, and the responses thereto, the Commission has determined to review the ID. Specifically, the Commission has determined to review the ID's finding of default for spoliation of evidence as to Viraj and the ID's order that Viraj disgorge any Valbruna operating practices in its possession. On review, the Commission affirms the default finding, with supplemental reasoning described in a forthcoming opinion. The Commission clarifies that the default finding against Viraj does not preclude the remaining respondents from participating in an evidentiary hearing and contesting the allegations at issue in the investigation. The Commission expects the stay of the procedural schedule to be lifted.

In connection with its review, the Commission requests responses to the following questions only. The parties are requested to brief their positions with reference to the applicable law and the existing evidentiary record.

1. Please provide an analysis of the Commission's authority to (1) order Viraj to disgorge any Valbruna operating practices in its possession as a sanction for spoliation of evidence and (2) enforce such an order. Discuss the Commission's jurisdiction to order disgorgement by a foreign entity.
2. Please discuss whether the circumstances here provide the grounds for the issuance of immediate entry of relief against Viraj under Commission Rule 210.16(c).

In connection with the final disposition of Order No. 17, the Commission may determine that immediate relief against Viraj is warranted. If so, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue a cease and desist order that could result in Viraj being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. Please include in the submission a discussion of the appropriate duration of the remedy, if any, supported by the factual record. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, see *Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843 (Dec. 1994) (Commission Opinion).

If the Commission contemplates some form of remedy, it must consider the effects of that

remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005, 70 FR 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission and prescribed by the Secretary of the Treasury. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

WRITTEN SUBMISSIONS: Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Complainants are requested to submit proposed remedial orders for the Commission's consideration. Complainants are also requested to state the HTSUS numbers under which the accused products are imported, and provide identification information for all known importers of the subject articles. Initial written submissions and proposed remedial orders must be filed no later than close of business on **Thursday, February 18, 2016**. Initial written submissions by the parties shall be no more than 40 pages, excluding any attachments or exhibits. Reply submissions must be filed no later than the close of business on **Thursday, February 25, 2016**. Reply submissions by the parties shall be no more than 25 pages, excluding

any attachments or exhibits. No further submissions on these issues will be permitted unless otherwise ordered by the Commission. Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 CFR 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-933") in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf).

Persons with questions regarding filing should contact the Secretary at (202) 205-2000.

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with any confidential filing. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in part 210 of the Commission's Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.

Issued: February 8, 2016.

William R. Bishop,

Supervisory Hearings and Information Officer.

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